



# BSM business systems modernization

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delivering 21st century logistics



## R2.0 DLA BSM R2.0 Functionality Overview



# Directions for Use of this Briefing

## **Briefing Purpose:**

**This briefing was developed by the BSM Process Owners and Change Management team in order to encourage dialogue between Sponsors, Change Agents, Supervisors, and End-Users. This briefing fits into the *Understanding* phase on the Change Commitment Curve.**

## **Intended Audience:**

**This briefing is intended for future R 2.0 End-Users who are interested in learning more about the functional changes associated with R2.0 of BSM.**

## **Delivery Format:**

**This information could be used in any of the following forums: one-on-one conversations; small group discussions; staff meetings; open forums.**

## **Directions for Use:**

**As you deliver this briefing, please capture the issues and questions during the session and pass them on to a member of your BSM site change management team.**

## **Other references:**

**For further information, check the BSM website at <http://www.dla.mil/j-6/bsm/>**



# Process Areas

- Order Fulfillment
- Planning
- Procurement
- Tech Quality
- Finance



# What's New for Release 2.0 Order Fulfillment At-a- Glance

## Order Fulfillment (OF)

- Available to Promise Redesign (ATP)
- Customer Master Enhancements
- Dual Channel
- Temporary Channel
- Government Furnished Material (GFM)
- Inventory Record Management (IRM)
- Logistics Reassignment - Gaining Item Manager (LR-GIM)
- Receipt Processing
- Returns
- Shelf Life and Continuous Length
- Disposals
- Condition Code L (CCL)
- Material Receipt Acknowledgement (MRA)
- Web Based Ordering/Customer Access-DoD EMALL
- Business Warehouse (BW) Reports



# OF R2.0 Changes - Availability to Promise (ATP)

- Availability to promise is going through a complete redesign for Release 2. The ATP logic will be housed in one function module which will process incoming requisitions before a sales order is created in BSM.
- This new effort will provide:
  - Ability to use new source inclusion table that controls automatic sourcing for OCONUS stock.
  - Ability to programmatically kill any CD requisitions that are beyond the SDD.
  - Ability to reduce the number of backorders line items per order.
  - Ability to accommodate all relevant Advice Codes.
  - Ability to accommodate all relevant Status Codes.
  - Ability to apply stock level calculations for FMS, MRQ validations, and global ATP quantities.
  - Ability to perform global rescheduling more than once a day.
  - Ability to provide more accurate backorder ESD.
  - Ability to provide an improved denial order process.
  - Improved substitution logic.



# OF R2.0 Changes - Customer Master (CM)

- Enhancements to existing functionality.
  - Migration from Integrated Customer Teams (ICT) to Customer Relationship Management Cells
  - Support prevention of unauthorized ordering of narcotic material using material determination
  - Allow multiple customer addresses to be populated on sales orders and purchase requisitions
    - Freight forwarders, TAC 5, TAC 6, alternate ship to (AST)



# OF R2.0 Changes - Dual Channel (DC)

- Dual Channel involves materials that are supported by existing long-term Customer Direct contracts, but also may require stock at a DLA Distribution Center to support demand not covered under the contract.
  - Dual Channel essentially refers to when the standard BSM item category determination is bypassed so that materials can be sourced as Customer Direct (CD), DLA Direct (DD), or both.
  - Procurement determines whether quantity meets contract conditions.
  - Material sourced CD whenever possible.
  - Quantity can be rounded.
  - Line item can be split.



# OF R2.0 Changes - Temporary Channel (TC)

- Temporary Channel allows materials to be sourced temporarily via a channel other than that specified by the item category on the material master using a temporary channel indicator. The functionality supports conditions such as:
  - Attrition from a DLA depot
  - Removal of an item from contract support
  - Customer Direct returns to a DLA Depot
  - Indicator can be turned on manually by the Supply Planner or automatically when CD stock is received at a DLA Depot.
  - Indicator is valid until a specified date or a default of one year.
  - Temporary Channel takes precedence over Dual Channel logic.





# OF R2.0 Changes - Government Furnished Material (GFM)

- Requisition received from contractors are classified as GFM Orders and must be validated through a Management Control Activity (MCA). The Release 2 solution will only consider GFM Orders where DLA is the Source of Supply.
  - Ability to monitor and fill GFM orders
  - Ability to receive and validate GFM orders to be filled by DLA
  - Ability to validate order against contract information held in the MCA table
  - Ability to send out AX1 and receive AX2 transactions to validate against outside MCA table
  - Ability to cancel GFM requisitions without authorization after 15 days.



# OF R2.0 Changes - Inventory Record Management

- Inventory Record Management functionality is being designed to support a reconciliation process between BSM and any storage facility (such as DSS, NIMS, contractor sites). This functionality is being provided for accountable sites only. Release 2 functionality :
  - Provides the ability to balance inventory counts in BSM to DSS/NIMS levels
  - Creates interface with DSS/NIMS sites to receive all DZH/DZN/DZP/DZK transactional data
  - Automates inventory adjustments for out of balance materials
  - Provides detailed reports for resolution specialists
  - Provides summary reports for metrics purposes



# OF R2.0 Changes - Logistics Reassignment-Gaining Item Manager (LR-GIM)

- Logistics Reassignment functionality is being developed to support the LR Gain process, with LR Loss functionality coming in a later release. This will allow BSM to take ownership of the master and transactional data required to support management of an NSN. The LR Gain functionality will be the method used to convert new NSNs into the BSM solution.
  - The LR process is the transfer of integrated material management from one Inventory Control Point to another.
  - Multiple interfaces are being designed to support the current MILS LR Gain transactions
  - Ability to perform and track LR process
  - The Gaining Item Manager (GIM) will have the ability to receive and process transactions sent by the Losing Item Manager (LIM).
  - Ability to track the success of the LR process using transaction data and data from planning.



# OF R2.0 Changes - Receipt Processing

- Additional functionality is being introduced to modify the current receipt processing functionality.
  - Ability to transfer from a standard BSM function module to a custom BSM function module to improve readability, processing time, and to allow BSM upgrades without the need for function module re-work.
  - Ability to process inventory adjustments (D8, D9, and DAC) transactions for accountable attrition sites correctly.
  - Ability to process DAC transactions for non-accountable attrition sites correctly.
  - Ability to create a new storage location and post inventory adjustments against the new storage location.



# OF R2.0 Changes - Returns

- Additional functionality is being developed to enhance the existing Returns process. These enhancements include:
  - Ability to support return of materials purchased directly from vendors.
  - Ability to support returns with special project codes.
  - Ability to select optimal plant for depot returns.
  - Ability to handle split decisions on returns.
  - After R2.0, Returns becomes a Planning function.



# OF R2.0 Changes - Shelf Life (SL)

- Shelf Life functionality is primarily based out of DSS. For Release 2.0, the shelf life functionality being developed enhances existing functions. Modifications are being made in BSM to react to denials generated as a result of shelf life expirations or continuous length limitations. This will be accomplished by a table in BSM.
  - If a sales order for shelf life material or for continuous length of a material has been sourced to a plant with inventory on-hand and the plant responds with a Denial Management Code (DMC) 3 (for shelf life) or a DMC 9 (for continuous length) denial, then the table will be used by the backorder programs to ensure that sales orders are not sourced back to a location that previously denied the MRO unless the unrestricted stock quantity increased.
  - Ability to pass over a depot that has previously denied sourcing a material for shelf life reasons.



# OF R2.0 Changes - Disposals

- Functionality is being developed to enhance the existing disposal sales orders processing.
  - Ability to create a disposal sales order based on current stock position and condition code.
  - Ability to process unique disposal sales order type.



# OF R2.0 Changes - Condition Code L (CCL)

- Condition Code L refers to a storage location in which a material is placed when it needs manual review. Functionality is being developed to support:
  - Ability to automatically trigger the creation of an MRO when a return delivery type HOD is created using transaction MBRL.
  - Ability to suspend all remaining on-hand material in CCL if a customer complaint is deemed valid.
  - Ability to automatically post goods issue return deliveries for Condition Code L materials.





## OF R2.0 Changes - Material Receipt Acknowledgement (MRA)

- The MRA Follow-up process is being modified to close a Customer Direct Sales Order when an MRA (DRA/DRB) is not received 30 days from the time an MRA follow-up has been issued.
  - Ability to post 'SS' status on all Customer Direct Sales Orders where a vendor shipment confirmation and an MRA has not been received 30 days from the time an MRA follow-up had been issued.



# OF R2.0 Changes - Web-Based Ordering

- Users of the BSM portal will be able to enter the DoD EMALL under their user profile for DoD EMALL without logging on again when they link to the DoD EMALL from the BSM portal.
- The Web-Based Ordering - Manual Order Entry System (MOES) (available only to CAS, EPS, and VCC) will replace some of the functionality contained in the SAMMSTEL verb SODE and SAP R/3 VA01 functionality.
- Customer Access will include:
  - Requisition Status
  - NSN (Material Number Status and Information)
  - Item Notes
  - Backorder Information by Customer
  - SARs (Supply Assistance Request) submittal
  - Query by upload of NSNs/Requisitions



# OF R2.0 Changes - Business Warehouse (BW)

- Functionality is being added to BSM to allow the extraction of reports to provide visibility on Key Performance Indicators (KPIs). Reports that can be made include:
  - Logistics Response Time
  - Order Quantity Fill Rate
  - Time Definite Delivery
  - Stock Availability
  - Material Obligation Validation
  - Deliveries Sent to Depot
  - Customer Bills
  - Backorders
  - Orders Received and Filled



# Process Areas

- Order Fulfillment
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- Finance



# What's New for Release 2.0 Planning At-a-Glance

## Planning (PL)

- Demand/Supply Retrofit
- DFU Hierarchy
- Hub and Spoke
- Min/Max PO Quantity
- Over-procurements
- Stockability
- Safety Stock
- Phased Delivery
- Returns
- Business Warehouse Reports



# PL R2.0 Changes - Demand/ Supply Retrofit

- Previously existing interfaces needed to be updated from R1.0 to fit the new functionality for R2.0.
- Modified functionality for R2.0 includes:
  - Automated DFU and SKU creation
  - Improved application of demand to SKUs
  - Attrit inventory identified by specific stocking location
  - Automatic over-stocked inventory re-balancing
  - Automatic non-replenishment item-to-replenishment item conversion
  - Improved re-order levels for non-replenishment items
  - Runbook modifications
  - Report modifications, in particular, Demand Plan Exceptions Report and Final DP for Finance Report



# PL R2.0 Changes - DFU Hierarchy

- Monthly Forecastability Analysis process will determine which items have demand plans and which organization is responsible for each demand plan.
- Demand planners will work demand plans for DFUs at the “subgroup” level, i.e. DFUs for item-customer combinations for groups of DoDAACs:
  - Ex: An item bought by all SUBLANT Trident subs.
  - Aggregated demand for an item makes for a meaningful demand pattern for analysis.
- Subgroup DFU forecasts will be reconciled down to lower level DFUs which drive Supply Planning for replenishment items.



# PL R2.0 Changes - Hub & Spoke

- DDC reviews and updates Manugistics and SAP master data (e.g. SKU information) for support of a multi-tier inventory network.
  - Configuration of multi-tier network
  - Automatic network build for new items
  - SKUs maintained by Stock Positioning team
  - Planned Deployment
  - Dynamic Deployment
  - Accommodation of NIMS





# PL R2.0 Changes - Min/Max PO Quantity

- Minimum/maximum purchase order quantity functionality is being employed to help develop more accurate supply plans.
  - Use of contract minimum/maximum purchase quantities in generation of supply plans
  - Use of global minimum buy value threshold



# PL R2.0 Changes - Over-Procurements

- Additional functionality has been developed to assure accurate inventory investment.
  - Monthly identification of over-procured items
  - Based on economic decision criteria
  - Workflow of over-procurements to Supply Planners for review
  - Workflow to Procurement on cancellation requests



# PL R2.0 Changes - Stockability

- Stockability functionality determines whether an item should be managed as stocked (DLA Direct) or non-stocked (Customer Direct).
  - Monthly process to determine stockability based on defined business logic
  - Updates to Acquisition Advice Code (AAC) based on stockability decisions
  - Capability to manually exclude items from process



# PL R2.0 Changes - Safety Stock

- Safety Stock is a level of additional assets to compensate for variance of demand over lead-time.
- Safety Stock quantities are calculated outside of Manugistics by the DORRA Inventory Optimization Model (IOM).
- A new interface will receive safety stock quantities from the IOM and load them into Manugistics.
- Each item's safety stock quantity is allocated across its buyback SKUs based on proportion of item level forecast supported by each buyback SKU.



# PL R2.0 Changes - Phased Delivery

- Phased Delivery functionality allows certain long term contracts to have specialized handling, for example, when vendor requires ramp up time to produce or procure items.
- Planning is responsible for providing Procurement with purchase requisitions (PRs) that meet both the correct quantities and the correct delivery dates in accordance with the Long Term Contract.



# PL R2.0 Changes - Returns

- The DLA Materiel Returns program allows customers to request return of materiel that they no longer require. That return request will be received and processed by SAP
  - In most cases, SAP will provide a systemic response back to the customer telling them to return materiel for credit or return for no credit or that we don't want them to return the materiel to DLA
  - Return requests that cannot be processed by SAP (e.g., above \$ value threshold) will be sent via Workflow to the Supply Planner for manual processing. Previously, in Release 1 this was done by the CAS.
  - New Workflow will allow review, as required, by Supervisor
  - We also developed a forecast of returns that will be converted into future scheduled receipts and used to offset the need to procure



# R2.0 BW Planning Reports

- Demand Planning Exception Metric
- Planned Orders Processed via Workflow Summary/Detail Report
- Overprocurement Summary/Detail Report
- Inventory Turns Metric
- Attainment to Plan Summary Report
- Attainment to Plan PR Detail Not Met Report
- Attainment to Plan RDO Detail Not Met Report
- Demand Plan Accuracy MAPA Metric
- Demand Plan Accuracy APA Metric



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# What's New for Release 2.0 Procurement At-a-Glance

## Procurement (PR)

- Manage Vendor Master
- Sourcing
- Enhanced EDI Functionality
- Enhanced Workflow
- Perform GFM/P/T Administration
- Enhanced Reporting
- Mass BPA Update Capability
- Enhanced Delivery Order Sourcing
- Establishing Guaranteed Minimum under an Outline Agreement
- Selective Promotion
- Automatic Population of Delivery Order with Phased Delivery Schedules
- DAPA Price Update
- DPAS and ECF Enhancements
- Business Warehouse Reports



# PR R2.0 Changes - Manage Vendor Master

- Changes have been made to the Vendor Master to accommodate new functionality for R2.0.
  - Replaced the legacy DCRL report maintained by the three ICPs with one universal list of Special Attention Reason Codes and new Special Attention Treatment Codes.
    - This report is used to aid DCRL monitors in managing vendor information. This report will pull all vendor records that have the 'Special Attention Reason Code' field populated.
    - The report is comprised of Vendor Number, Cage, Address, Reason Code and Treatment Code. This report will now be accessible in SAP and the ICPs will now work off one universal list of Special Attention Reason Codes and Special Attention Treatment Codes.



# PR R2.0 Changes - Sourcing

- Enhanced existing Sourcing functionality by creating a way for PRs to be flagged for manual review during the sourcing process when particular criteria are not met.
  - The extension will evaluate each available source and, if possible, assign the first valid LTC to the purchase requisition CLIN. For *DUAL channel items* the sourcing extension will determine the appropriate source within OF-55 (MILSTRIP to Sales Order interface). Then the appropriate LTC and CLIN will be passed to the Sales Order and ultimately the PR, which will complete the source determination process.
  - If unable to source as the result of contract criteria a message is placed in the exception text field at the PR CLIN level for buyer review. Depending on contract failure and ICP ownership, sourcing may mark the manual review field at the PR CLIN level and trigger workflow, which sends the PR to the bullpen for manual review.
  - If no LTC sources are available, the system looks for any unexercised quantity options. If no options are available it will attempt to source against available commercial inventory sources (DILNET).



# PR R2.0 Changes - Enhanced EDI Functionality

- Additional EDI functionality will be added for R2.0.
  - EDI 856 - Ship Notice/Manifest - Ship notices from EDI - capable vendors to SAP
  - EDI 850 - Added new logic to support DILNET awards and updates for line of accounting



# PR R2.0 Changes - Enhanced Workflow

- In addition to workflow/referral capabilities added during R1.2, there are several new SAP workflows being added for R2.0.
  - DPAS Notification - To DPAS monitors when DX rated materials are awarded
  - LTC Notification - To Planning and Order Fulfillment
  - Notification to update GFM Table
  - Workflow to monitor sourcing failures - To Acquisition Specialist



# PR R2.0 Changes - Perform GFM/P/T Administration

- Functionality will be added to manage Government Furnished Material provided in contracts.
  - For all DLA contractor requisitions for Government Furnished Material (GFM), DLA must establish Management Control Activities (MCA) to receive and validate GFM requisitions. Data from contracts authorizing GFM will be used to build MCA records for future validation of contractor requisitions. The MCA files will monitor quantities of each GFM Material provided to the contractor by tracking the quantity authorized, the quantity requisitioned, and the quantity available for requisitioning.



# PR R2.0 Changes - Enhanced Reporting

- Additional procurement reports have been added in SAP for R2.0.
  - SAP FPDS (DD350 - DD1057) for delivery order processing
  - PR Prioritization Report - changes being made to accommodate changes in financial hierarchy; will be able to query report at Enterprise, Supply Chain, and IST level.
  - Open PR Report - same changes as PR Prioritization Report.
  - Blocked PR Report - same changes as PR Prioritization Report.
  - EDI Status Report



# PR R2.0 Changes - Additional SAP Enhancements

- Additional functional enhancements have been made to SAP for R2.0.
  - Mass BPA Update Capability for STORES contracts (upload of data via spreadsheet)
  - Enhanced Delivery Order sourcing to accommodate additional commodities (e.g., determines which vendor should be assigned to a BDU or DISMS Ration order based on DLA logic and custom tables)
  - Establishing a Guaranteed Minimum under an outline agreement - A guaranteed minimum is established and the guaranteed minimum amount is obligated at time of award
  - Selective Promotion
  - Phased Delivery Schedules will automatically populate the Delivery Order from the LTC
  - DAPA Price Update in SAP





# PR R2.0 Changes - DPACS & ECF Enhancements

- Changes have been made to DPACS & ECF to accommodate changes in SAP functionality for R2.0.
  - Ship-to Changes (calculating the correct ship to addresses and mark for data for each Delivery Order based on what OF sends along with the order).
  - Passing of DPAS Rating
  - E-Mail and \*.doc to ECF
  - DCRL and Treatment Code data from SAP Vendor Master to DPACS



## R2.0 BW Procurement Reports

- KPI and Operating Metric reports were already added during R1.2. During R2.0, one additional Procurement BW report will be provided.
  - Special Attention (DCRL) Report - This report should include the Vendor Name and Address, Cage Code, Reason Code and Treatment Code.



# Process Areas

- Order Fulfillment
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# What's New for Release 2.0 Tech/Quality At-a-Glance

## Tech/Quality (TQ)

- Standardization of Packaging
- Critical Item Management Automation Improvements
- Single Testing Environment
- Complaints
- Business Warehouse Reports



# TQ R2.0 Changes - Packaging

- Standardization of packaging functionality, procedures and rules using standard SAP functionality
  - Creation of a packaging tab, using standard SAP functionality, to group packaging data
  - Creation of reusable templates that can be applied during material creation
  - Change control for packaging templates



# TQ R2.0 Changes - Critical Item Management

- Automatic identification and maintenance of items deemed critical by the military services.
  - Automatic notification of stock screening
  - Interface to critical item lists (via DSCR Website)
  - Automatically update material master and FLIS
  - Automated searching and notification for open PR/PO
  - Six Special Procedure Codes with specific business rules
    - SPC01 - Aircraft Launch and Recovery Equipment (ALRE)
    - SPC02 - Individual Repair Parts Ordering Data (IRPOD)
    - SPC03 - Critical Safety Items (CSI)
    - SPC04 - Nuclear Hardness
    - SPC05 - Army CSI
    - SPC0-6 - Air Force CSI



# TQ R2.0 Changes - Testing

- Single testing environment for Product Testing Centers. New functionality for recording and researching test results for items. Supports first article test and directed testing.
  - Standardized and reusable test plans and material characteristics
  - Test results stored directly in SAP, providing Agency-wide visibility to product quality data
  - Routing of test requests and material to appropriate lab
  - Agency-wide tracking and management of test lab performance and results
  - Search capability by item or vendor



# TQ R2.0 Changes - Complaints

- Transition product quality complaints from Edit Sales Activities (R1.0) to Quality Notifications (SDR's and PQDR's).
  - Total visibility to Quality Notifications in a single system
  - Product Specialists work complaints directly in SAP
  - PDREP interface pulls customer complaints and posts resolution - no change for customers
  - Integrated complaint workflow
    - Supply Discrepancy Reports (SDR) automatically routed to Resolution Specialists
    - Product Quality Discrepancy Reports (PQDR) automatically routed to Product Specialists
    - Packaging complaints automatically routed to Packaging Specialists





# R2.0 BW Technical & Quality Reports

- Backorder by SPC / Quality Notification by SPC
- SPC Process Impact
- Order Quality
- TQ Contribution to ALT
- TQ RSW Response Time / TQ Pre-Award Referral Response Time



# Process Areas

- Order Fulfillment
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# What's New for Release 2.0

## Finance At-a-Glance

### Finance (FN)

- 3<sup>rd</sup> Party Payments via MOCAS
- Transporter Proof of Delivery
- Dunning
- Standardized Manual Billing Formats
- Revised Month-end Billing
- Selective Promotion
- Inventory ValueTracking
- Financial Hierarchy to support new Organization Structure
- Operational Accounting
- Business Warehouse Reports



# FN R2.0 Changes - Accounts Payable

- Ability to receive and post 3<sup>rd</sup> Party payments made by MOCAS
  - Advance pay, Progress pay, and Service BOA contracts will be paid by MOCAS, but payment needs to be verified and recorded in SAP. New interfaces to perform the obligation check and post 3<sup>rd</sup> party payment from MOCAS
- Using Transporter Proof of Delivery as a proxy Matching of payment documents
  - Transporter Proof of Delivery documents sent from Carrier to DPMS. DPMS to marry up delivery document to PO and send transaction to SAP indicating the PO line items received



# FN R2.0 Changes - Accounts Receivable

- Dunning procedure for customers who do not make payments in a timely manner (will result in a collection from the customer or the outstanding balance being transferred to Debt Management)
- Standardized 1080 (manual) billing formats for all locations and supply chains
- Revised Month-end Billing process



# FN R2.0 Changes - Funds Management

- Selective promotion will be enabled to ensure that high priority purchases will be executed at time of limited funding.
- Ability to track inventory value by condition code and in-transit status.



# FN R2.0 Changes - Financial Hierarchy

- New Financial Hierarchy to support the new organizational structure of ISTs, CRM Cells, IPTs, SMSGs, etc.
- Ability to roll up metrics by location and supply chain
- Conversion of open PRs and open Sales orders to the new hierarchy values
- Conversion of all items to the new hierarchy values



# FN R2.0 Changes - Operational Accounting

- Configuration of SAP Asset Management module
- Conversion of DSCC property items to the SAP Asset Management module within BSM
- Accounting for Payroll expenses (pilot - 1 IST within DSCC)





# R2.0 BW Finance Reports

- Monthly Phasing Plan
- Net Operating Results
- Net Cash Outlays
- Process Costs
- Aged Receivables
- Demand Forecast
- Supply Forecast
- Annual Price Change
- Object Class
- Operational Execution
- Sales Order for Non-Forecasted Items